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THE SOVIET WORLD

The Soviet-Iranian financial and border negotiations which began a year ago now appear to be approaching a settlement. It seems likely that the USSR will release some \$21,000,000 in gold and credits held in Moscow and will make minor territorial concessions to Iran along the Azerbaijan frontier in return for a salient north of Firezeh east of the Caspian.

A conciliatory attitude on the part of the Kremlin has been evident in its recent relations with Tehran. The two countries signed the 1954 barter agreement on 17 June, providing for the first time for substantial Soviet exports of trucks and spare parts and for larger exports of machinery and automobiles. Talks are also being held in preparation for Iranian purchase of the long-inactive Iranian-Soviet Oil Company installations. Last week end the Soviet Union was scheduled to return 300 Iranian political prisoners, freed under the Soviet amnesty decree.

It is still possible that the Soviet Union will attach unacceptable political conditions to its agreement--such for example as ousting American military and technical personnel from Iran. The release of the gold and credits without such conditions would probably reflect a major upward revision by the Kremlin of its appraisal of Western influence in the area. It might also foreshadow offers of economic and technical assistance similar to those Moscow recently offered to Afghanistan.

A full-dress treatment by Pravda on 3 July of the Churchill-Eisenhower talks repeated the standard Soviet positions on major world problems. The tone of the Pravda editorial was one of disappointment and irritation with Great Britain for making concessions under American pressure, but the editorial claimed that many American-British differences were left unresolved. Pravda warned Great Britain and "other capitalist countries" of possible catastrophic consequences of embarging on a course of concession to "aggressive American forces," and implied that France is an innocent victim of Anglo-American exclusivism. Ambassador Bohlen notes that the reprinting of the editorial in Izvestia and other Moscow newspapers the following day is unusual and emphasizes its importance in Soviet eyes.

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Moscow's initial propaganda on the new Guatemalan government claimed that Ambassador Peurifoy had maneuvered a "well-prepared suppression of a national liberation movement." In view of current emphasis on nationalism, international Communist propagandists probably consider it most profitable to depict the revolution as the first suppression of a "national liberation movement" in Latin America.

While the official Soviet announcement of the opening of an atomic electric power station on 27 June was brief and factual, subsequent Orbit propaganda has emphasized that this is the first atomic-operated power plant in the world. The timing of the announcement may reflect the Kremlin's reaction to what the USSR considers an American intention to move ahead with the "Atomic Pool" without Soviet co-operation.

At the same time, it gives momentum to the Communist propaganda campaign, apparent since mid-March, which has sought to impress the world with Soviet atomic capabilities but simultaneously to contrast the USSR's alleged peaceful intentions with the irresponsibility of those who would base foreign policy on the use of atomic weapons.

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FRENCH-VIETNAMESE RELATIONS NEAR BREAKING POINT OVER TONKIN WITHDRAWAL

The circumstances under which the French military authorities have carried out the withdrawal of their forces from the southern sector of the Tonkin delta have imposed such a strain on French-Vietnamese relations that the total collapse of the French Union system in Vietnam in the near future is not impossible. The American embassy in Saigon reports increasingly overt hatred among Vietnamese toward occidentals in general and the French in particular.

Vietnamese leaders contend that the withdrawal is unjustified, that it was carried out in a unilateral fashion which precluded the taking of appropriate emergency measures on the part of the Vietnamese civil authorities, and that it was in violation of specific pledges given to the Vietnamese. The most damaging charge against the French is that the withdrawal was made pursuant to a secret French understanding with the Viet Minh. Although certain circumstantial evidence tends to support this contention, the French authorities emphatically deny the existence of such an agreement.

Vietnamese officials also note that weapons which the French have repeatedly promised for the arming of a militia in Tonkin have been withheld for so long that the French can now argue that it would no longer be safe to arm the militia.

Vietnamese anger at this French "betrayal" is particularly evident among leaders of the predominantly Catholic population of southern Tonkin, where some 7,000,000 persons are now subject to a virtually unopposed occupation by the Viet Minh. Ngo Dinh Diem, the premier-designate and the most prominent Catholic layman in Vietnam, vigorously sought, and at one time believed he had obtained, a French pledge to defend this area.

The highest French officials in Indochina have engaged in several long and stormy sessions with Diem, attempting to persuade him of the military necessity for the withdrawal. The request by the chief French civil official that the American embassy exert a "steadying influence" on Diem indicates these efforts have not been entirely successful. [REDACTED]

[REDACTED] Diem has threatened to declare Vietnam's independence outside the French Union if further withdrawals from delta areas are not stopped.

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Despite the wrangling and rivalry so prevalent among Vietnamese politicians, there is virtually unanimous agreement that partition of the country is no solution. Leaders who are close to Ngo Dinh Diem are said to be arguing that since the French are apparently bent on selling Vietnam out to the Communists, the best move for the Vietnamese authorities is to seek direct contact with the Viet Minh. There is little question that Vietnamese in general believe the prospects of undercutting Viet Minh strength through political struggle within a unified Vietnam--however slight--are nevertheless better than the prospects of achieving the same result through a military showdown with the Viet Minh, once the latter have occupied all of Tonkin.

Although Vietnamese anger toward the French has found no expression thus far except in utterances of helpless and bitter frustration and desperate pleas that the United States supplant France, the possibility of more direct action is growing. [REDACTED]

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[REDACTED] The bishop of Bui Chu told the American consul in Hanoi that Vietnamese troops in southern Tonkin had branded as traitors Vietnamese officers who transmitted French withdrawal orders, and there was talk of a "coup d'etat" in the area.

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Many Vietnamese troops have refused to leave southern Tonkin. Vietnamese officials justify this refusal on the grounds that the French have deserted the Vietnamese, rather than the reverse. The problem of discipline among native troops will become still more acute in the event of a French withdrawal from all of Tonkin. More than a quarter of the French regular army troops in Indochina are Vietnamese, a fact which might, with worsening French-Vietnamese relations, gravely imperil the security of French troops.

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LATIN AMERICAN REACTIONS TO THE GUATEMALAN CRISIS

The Castillo Armas revolution in Guatemala has been almost unanimously attributed by the rest of Latin America to the intervention of Washington acting through the governments of Honduras and Nicaragua. Some governments have voiced approval, but "anti-intervention" demonstrations and editorials have been widespread and in some cases violent. Many government officials have hinted that Washington either suffers from excessive anti-Communist zeal or is unduly influenced by the interests of the United Fruit Company.

During the early days of the crisis, many governments appeared stunned by Guatemala's by-passing of the Organization of American States in favor of working with the Soviet Union in the United Nations. Most of them expressed fear that the future of inter-American regional machinery was in grave danger, and 14 of them agreed to back a call for an OAS meeting based on Washington's draft resolution setting up measures to combat the Guatemalan threat. Only eight had previously agreed to accept the resolution.

After the initial shock of the UN appeal wore off, however, a number of governments took the attitude that it would be impossible to discuss charges against Guatemala without discussing Guatemala's own complaints. A 28 June Uruguayan proposal to alter the conference agenda to this effect was voted down in the OAS Council but received the support of Ecuador, Argentina, Chile, and Mexico. The last three of these countries have also rejected Washington's request that they refuse political asylum to Arbenz followers.

Most of the attacks on the United States have stemmed from the belief that Washington intervened in the affairs of another country. Many of the anti-interventionist demonstrations--which took on major proportions in Argentina, Mexico, Chile, Uruguay, Honduras and Panama--were touched off by pro-Communist student and labor groups but were joined by large numbers of non-Communists. In Argentina, the Senate passed a resolution reaffirming the principles of self-determination and political and economic independence as standards for the hemisphere. The major Argentine labor federation issued a declaration that "every nation has the right to solve its own problems without outside interference." The Chilean lower house refused permission for the foreign minister to attend the OAS meeting scheduled to discuss only Washington's case against the Arbenz regime.

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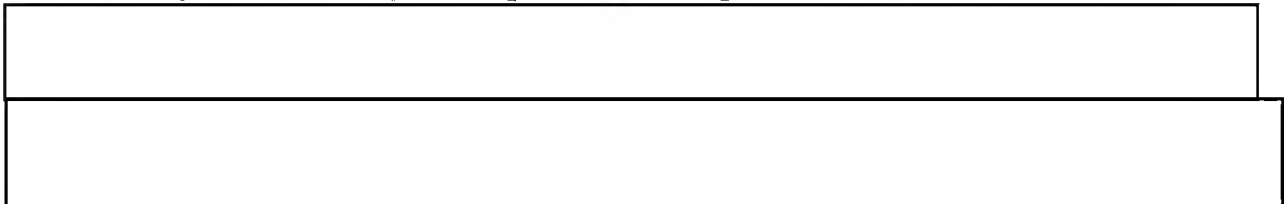
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In Mexico, students laid a black-draped wreath at the door of the American embassy "in memory of the good neighbor policy." In Uruguay, and elsewhere, normally pro-American papers accused the United States of acting "hastily" and "without regard for juridical order."

In only six countries--Cuba, the Dominican Republic, Costa Rica, Bolivia, Paraguay and Peru--has the press been relatively free from criticism of American "intervention." Except in these countries and possibly Colombia, that portion of the press which tended to ignore the issue of Washington's "intervention" and to explain the nature of international Communism has been all but drowned out. In Brazil, for example, where the government has been attempting to reconcile diplomatic differences between the United States and Latin America, almost the entire noncontrolled press and radio has expressed suspicion of American motives.

The Guatemalan crisis has also given rise to fears wider than those of American "intervention" and "dollar diplomacy." Ecuadoran president Velasco reportedly fears the Guatemalan crisis sets a precedent for Peruvian invasion of Ecuador and in a 2 July speech called for reaffirmation of the "juridical" principles which protect weak nations.

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Meanwhile, another sort of criticism of the United States has been voiced by officials in the Dominican Republic, Nicaragua, and Costa Rica. These officials have accused Washington of "poor timing" and of giving the insurgents too little aid to ensure success. The Panamanian foreign minister, on the other hand, said on 23 June he believed the United States' position was fully defensible but that it had been presented badly.

A number of governments have been disturbed by the intensity of popular reaction, and it is believed that the Argentine government has warned the press against further attacks. Bolivia is thought to have censored all press comment from the beginning.

The major points of irritation may be somewhat smoothed by the indefinite postponement of the OAS meeting on 2 July and by the filing of antitrust proceedings against the United Fruit Company on the same day; no specific reaction to these moves has yet been noted, however.

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SATELLITE PRODUCTION FAILURES LEAD TO "STRETCH-OUT" OF NEW COURSE*

Following a year of general failure in the Eastern European Satellites to meet the initial production goals of the economic "new course," the duration of the program has been extended beyond the initial two-year period and prospects for ultimate success are thereby improved. Plans for the next several years call for increased allocations of labor and materials to the critical sectors of the Satellite economies and for further integration of the bloc countries in order to promote more efficient use of resources (see chart, p. 12).

Originally the regimes changed from a policy of coercion to one of the increased use of incentives to bring about satisfactory progress while the shift in investments from heavy industry to consumer goods industries was being effected. This shift in emphasis has, however, resulted chiefly in expectations of further concessions, especially among the peasants, rather than in the increased supply of foodstuffs and consumer goods which the Satellite leaders apparently hoped for when they outlined the aims of the new course in 1953.

The downward revision of 1953 industrial goals permitted some reallocation of resources, and hence some increases in production of manufactured consumer goods, although less than planned.

On the other side of the ledger, unfavorable weather damaged winter crops and delayed spring plowing and sowing, making it unlikely that 1954 crops will be better than the inadequate level of 1953.

Satellite plans for meeting new course goals in 1954 include the sacrifice of immediate military expansion. Satellite budgets reveal that direct military expenditures are to level off in 1954 in contrast to the steady, substantial increases of earlier years. Such allocations this year range from a small increase in Czechoslovakia to a 37-percent decrease in Rumania, with most of the countries allocating about the same amounts to the military as in 1953, or slightly less. While some appropriations for defense are normally budgeted under the heading of "financing the national economy," increases in this category are generally smaller than in previous years, and they contain larger outlays for investments in agriculture, consumer goods industries and the fuel and power sectors. Thus, it is

*Co-ordinated with the Office of Research and Reports.

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unlikely that increased defense appropriations are hidden in this part of the budgets.

Even with the apparent decline in military allocations and in the rate of increase of heavy industrial production, most of the Satellites have had difficulties in fulfilling their industrial plans so far in 1954. Poland was the only country announcing fulfillment of its first quarter plan. East Germany and Hungary met their first quarter plans by 97 percent and 98.4 percent respectively. The remaining Satellites did not announce their first quarter plan results, an unusual omission which in itself carries an implication of unsatisfactory progress.

Rumania appears to be experiencing the most serious difficulties, for industrial production in the last quarter of 1953 was below the level of the previous year and apparently no significant improvement has occurred. In addition, there has been no price cut on consumer goods in Rumania, which, taken with the wage and salary cuts imposed early this year, indicates a definite lack of progress in meeting new plan targets.

Soviet and Satellite economic plans are to be integrated more closely during the 1956-60 five-year plan period in order to derive greater benefits from regional division of labor. The Council of Mutual Economic Assistance is taking a more open and apparently more active role in planning bloc economic affairs, and the Yugoslav ambassador to the USSR told the American embassy he had heard from several sources that at the March meeting of the council the possibility of establishing bloc steel and oil pools along the lines of the Schuman plan was discussed.

While the Satellites have fallen short of their goals so far, the increased investments now taking place in the critical agricultural, consumer goods, and fuel and power sectors should permit greater opportunity for success in the future, provided the investments continue for a sufficient period of time. Speakers at the recent East German and Hungarian party congresses stated that the raising of agricultural and consumer goods production and the elimination of fuel and power shortages would be the primary tasks during the period 1956-60, and Czechoslovakia has announced an agricultural program extending through 1957 which requires large-scale allocations of resources.

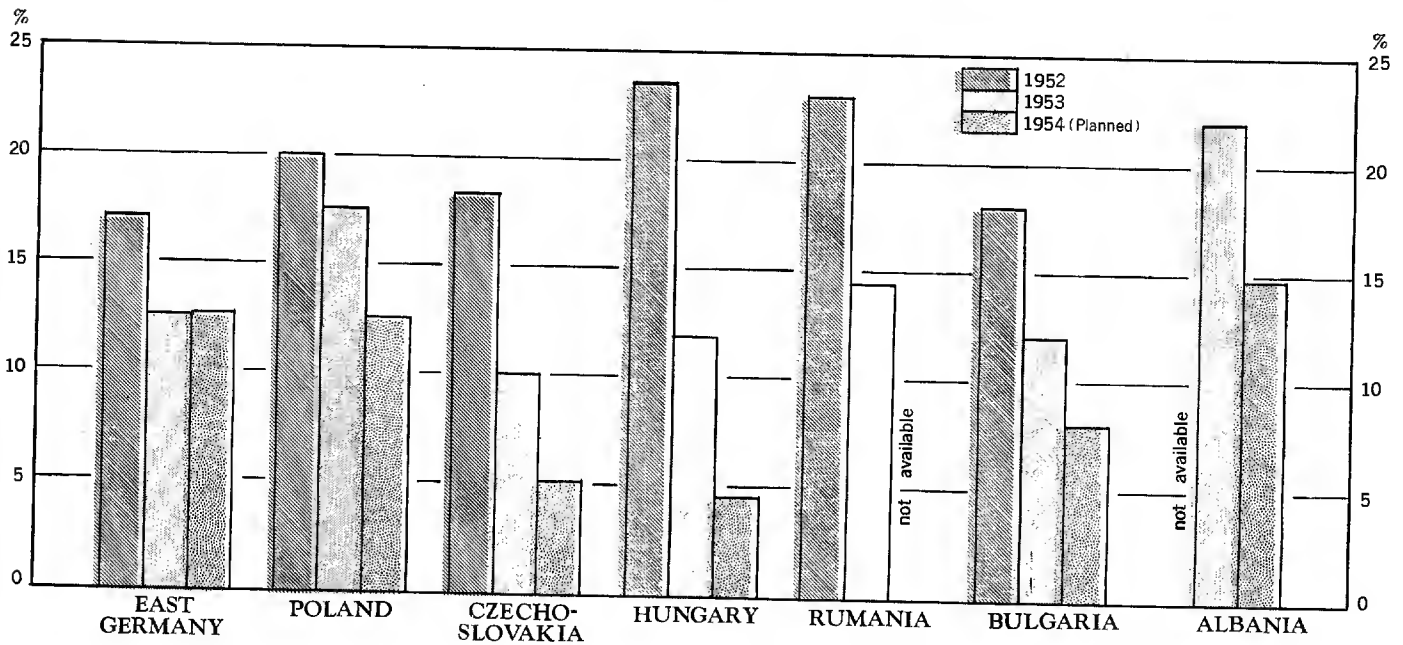
If such long-range programs as those outlined in the three countries listed above are followed generally in the Satellites, as appears likely, the imbalance of their economies caused by a too rapid industrialization program should be substantially corrected by the end of their second five-year plans in 1960.

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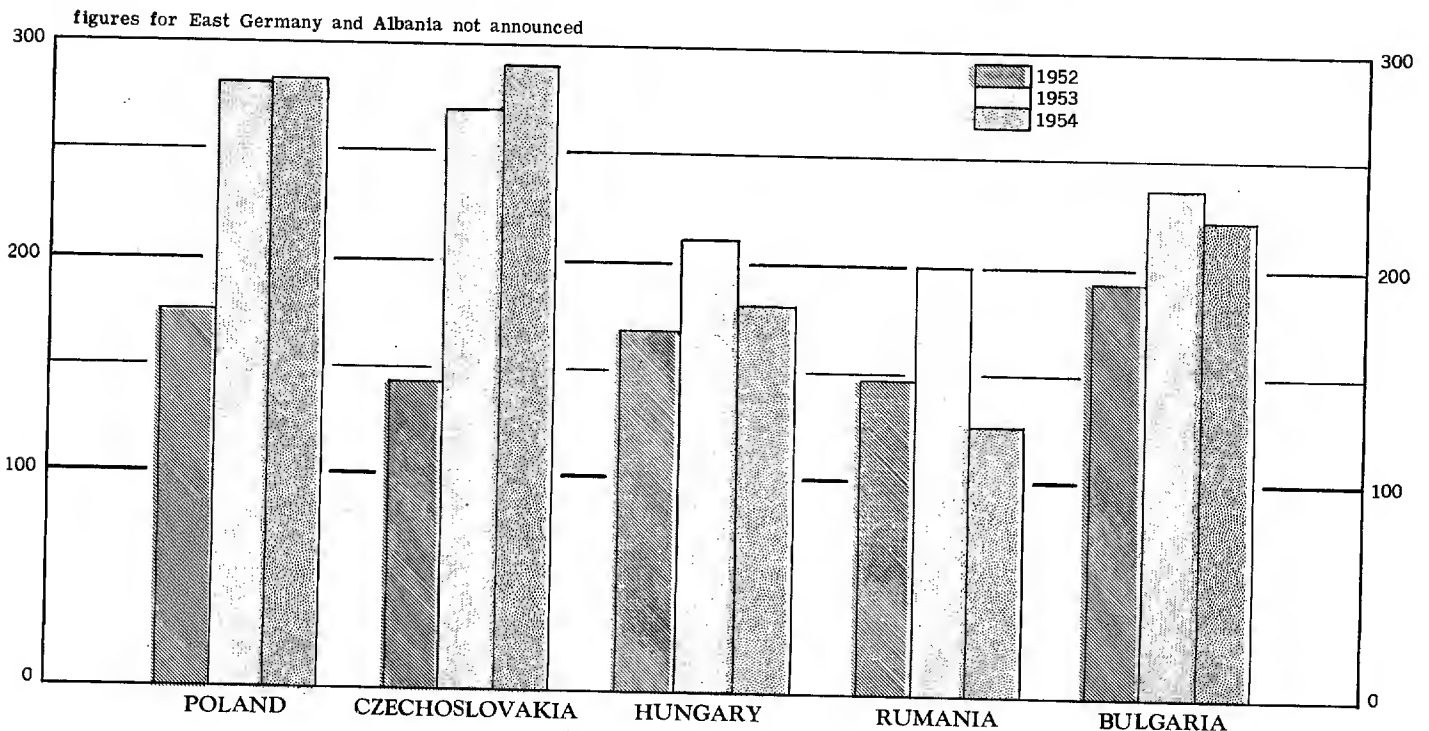
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THE SATELLITES

OFFICIAL RATES OF INDUSTRIAL GROWTH



INDEX OF DIRECT BUDGETED MILITARY APPROPRIATIONS (1951 EQUALS 100)



7 JULY 1954

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DEVELOPMENTS WITHIN THE TOP SOVIET LEADERSHIP

Developments during the past year, and especially since April, suggest that the principle of collective leadership at the summit of the Soviet hierarchy is being challenged by Party Secretary Khrushchev or a group associated with him. The rapid growth of Khrushchev's prestige and influence suggests that, unless some strong opposing trend develops (the first signs of which may already be appearing), he will soon become the dominant figure in the USSR. While there has been no suggestion that Khrushchev disagrees with present Soviet policies, his public speeches have been somewhat harsher in tone than those of Malenkov, especially on foreign policy.

The group leadership which has characterized Soviet politics since Stalin's death apparently arose from the lack of any overwhelmingly strong individual heir to the dictator's mantle and from fear among the leaders of the consequences of a one-man rule of the Stalinist type. Realizing that supremacy for any one of their number would soon lead to the liquidation of the rest as potential rivals, the members of the ruling group presumably determined to prevent the assumption of Stalin's power by any individual. The public prestige which Party Secretary Khrushchev has attained in recent months appears to threaten the collective leadership and Malenkov's position as first among equals within it.

From April through mid-June Khrushchev was receiving more personal publicity than any other Soviet leader since Stalin. He has spoken authoritatively on an increasing number of aspects of domestic and international policy, and he has been active in all fields of Soviet life. Several of his former associates have been elevated to high posts in the USSR, and the Ukraine, where he was party boss from 1938 to 1949, has been accorded prestige second only to that of the Great Russian republic.

Khrushchev has shown signs of competing with rather than supporting the premier. He has failed to give Malenkov any credit for the development of the new agricultural program first outlined in Malenkov's August speech; he attended the Leningrad party plenum which, for reasons as yet unclear, fired V. M. Andrianov, believed to be a close associate of Malenkov; and some of his personal prominence has been achieved at the premier's expense.

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While Khrushchev's original rise after Beria's purge may well have been inspired by the collective's desire to create a counterweight to Malenkov's growing prestige, it has now exceeded the limits which such a purpose would impose, and Khrushchev, not Malenkov, now appears to represent the greatest threat to the principle of collective rule. It does not seem possible to explain Khrushchev's build-up as an effort to enhance the prestige of the party by raising that of its first secretary. For one thing, this could be done equally well by stressing the role of a group of party leaders, and other strictly party figures have not received similar treatment. For another thing, many of the tributes to Khrushchev have been of a personal character. Thus Khrushchev's growing prominence appears to be part of a personal quest for power by him or his supporters.

A clue to the present relation of forces within the top leadership may be contained in the adoption in June of an alphabetical listing of the party presidium, which deprived Malenkov of one of his few remaining attributes of pre-eminence within that group. The shift may merely reflect an inability to agree on any precedence of listing, but it would suggest that Malenkov no longer holds a clear position as first among equals within the Soviet hierarchy. It has been argued that the alphabetical listing is designed to reassert the strictest principles of collectivity, thus dealing a blow at Khrushchev, the prime violator of this principle. However, the move has not been accompanied by the propaganda fanfare about collectivity one would expect if this were its motivation.

There have been suggestions in the past several weeks that Malenkov or the top leaders as a group may be moving against Khrushchev. Despite his public leadership of the new agricultural program and contrary to previous practice, Khrushchev apparently did not give the keynote address at the late June central committee plenum on agriculture and he was not publicly identified with its decree on the subject. The publicity accorded Malenkov has slightly increased, and Voroshilov strongly affirmed the principles of collectivity in his speech to the Hungarian party congress.

In spite of these presumed maneuverings within the top Soviet hierarchy, no conclusive signs of fundamental policy conflicts within the Kremlin have appeared. Ambassador Bohlen has noted that Khrushchev seems to take a less realistic attitude toward domestic problems and a less calm and sober view of the international situation than does Malenkov. This may prove to be a cause of concern for the West if he succeeds in gaining the leading position within the USSR.

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THE NEW STATUTE OF MAO TSE-TUNG*

Mao Tse-tung has apparently succeeded in obtaining from Stalin's heirs a role in the determination of developments in the Far East commensurate with his position as the most eminent living Communist leader and Asian revolutionary theorist.

The Chinese Communists have been referring to "the Mao Tse-tung ideology" for at least the past ten years, and since 1950 have worked particularly hard to present him as a major Marxist theorist. By 1953 the Chinese were waging a real if subtle battle with the Russians to gain recognition of the worth of Mao's doctrines and Peiping's freedom to proclaim them.

The Chinese have claimed that Mao has made important contributions to Marxist-Leninist materialist dialectics and to the Lenin-Stalin theory on colonial revolutions, that he developed a "complete theory of new democracy" from Stalin's instructions, and that he built up a "complete theoretical system about the peasants' revolutionary war" from Stalin's viewpoint on armed struggle.

These claims are in part true. At any rate, since Stalin's death Soviet reviews of Mao's written works have described them as an "enrichment" of, or as a major "contribution" to, Marxist theory. Until that time, such terms had been reserved exclusively for Lenin's and Stalin's achievements, and their use in references to Mao has in effect elevated him to a position of an author of world Communist doctrine.

A related question has been that of the applicability of "Mao's road" to other colonial and semicolonial revolutions in Asia. The Chinese claim to be a model for Asian revolutions dates from 1949, at which time Mao's tactics were recommended to all Asian "liberation" movements.

The Russians failed to espouse this Chinese line, and in November 1951 a conference of Russian theorists in Moscow concluded it would be "risky" to regard the Chinese revolution as "some kind of stereotype" for the Far East. Chinese abandonment of this line in late 1951 was probably in part the result of agreement with Moscow on a shift in tactics among Far Eastern Communist movements in that year, deriving from frustration of the Communist military program in Korea and elsewhere. It also

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seemed to represent an open acquiescence by Peiping in Moscow's claim to be the policymaking as well as spiritual center for the Asian revolutions.

The Chinese did not, however, abandon their belief in the eventual applicability of their program to much of Asia. In both 1952 and 1953 Chinese official works asserted that "all, or at least some, of the colonial peoples in the Far East can maintain for an extended period large or small base areas and revolutionary regimes, carry on a revolutionary war to encircle the cities from the countryside, and proceed gradually to take over the cities and win nationwide victory...."

By allowing their propagandists to acknowledge Mao's revolutionary concepts as a contribution to the theory of national-colonial revolutions, the post-Stalin Russian leaders have taken a major step toward reviving Peiping's claims of being a model. The Cominform journal took another step in January 1954 by observing that Mao had "creatively, and in a new way," characterized the Chinese revolution as one of "a special type, now typical for the revolution in colonial and semicolonial countries."

Moscow's deferential treatment of Mao's works appears to represent an indirect admission that Peiping has obtained a greater voice, if not a voice equal to Moscow's, in formulating strategy and tactics for Communist movements in Southeast Asia. It also seems to acknowledge Peiping as a second, if lesser, spiritual center for such movements.

An apparent illustration of this development was the Viet Minh's Sino-Soviet-Vietnam Friendship Month in January 1954, during which the Viet Minh gave extraordinary credit to Mao for Ho Chi Minh's successes. Whereas the Cominform journal four months earlier had deleted all references to Chinese guidance from a Viet Minh official's article, the journal in January 1954 publicized the Viet Minh's debt to China.

Moscow may have been reluctant to relinquish any of its authority over Communist movements in the Far East. The sharing of authority necessarily involves the possibility that the USSR and China will disagree on the means for achieving their common aims in the region, or the timetable for their program, or its effects on the national interests of each.

On the other hand, Peiping must surely seem to Moscow a trustworthy partner, and Moscow may well feel that the sharing of authority in Southeast Asia is a cheap price to pay for the Chinese contribution to the achievement of Soviet aims there. There seems little reason to expect that Moscow and Peiping will help out the West by quarreling seriously with each other.

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SPECIAL ARTICLE

CURRENT WESTERN EUROPEAN ATTITUDES TOWARD AMERICAN
POLICIES AND THE COLD WAR

Since the Berlin conference, the governments of Western Europe have taken positions increasingly in disagreement with those of the United States. Popular criticism of American inflexibility and impetuosity, which was formerly restricted largely to Communists and other political minorities, has also increased and is now widespread in all segments of public opinion.

This trend, apparent among members of the Western alliance as well as in formally neutral nations, is particularly strong in those countries which are the most important allies of the United States. With most countries it is partly a simple reflection of greater economic strength and lessened dependence on American aid. Primarily, however, it stems from a reassessment of the Soviet threat and the belief that Washington has failed to adjust its policies to meet the diplomatic needs of a period of reduced tension which may continue indefinitely.

Indochina

The British and French approach to the Geneva conference has been widely praised in Europe as compatible with a general desire to test Communist intentions through negotiations. Although the USSR's unwillingness to make concessions at the Berlin meeting dampened optimism for a solution to European problems, the prospects for further meetings with Communist leaders on other international problems sustained the hope for some kind of negotiated peace. Regardless of the final results of the Geneva meeting, proposals for further conferences will almost certainly not be rejected out of hand.

British and other European leaders regarded American appeals for "united action" and "intervention" on the eve of the Geneva conference as not conducive to an atmosphere of genuine negotiation. The mid-April "misunderstanding" over the timing of a Southeast Asian defense system has been generally blamed on Washington, and Secretary Dulles was widely criticized for the brevity of his sojourn at Geneva.

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By contrast, Foreign Secretary Eden was widely praised for his exhaustive efforts to promote a peaceful settlement of the Indochina war. His continuing attempts to enlist Southeast Asian nations in a defensive alliance have won him especial acclaim in Britain. The American embassy in London comments on Eden's 23 June statement about Geneva in the House of Commons that for the first time since the war, a British foreign secretary has won the commendation of all wings of all political parties.

The French feel firmly that they must end the Indochinese drain on their resources, and are strongly in favor of Premier Mendes-France's policy of seeking an immediate end to the Indochina fighting. Like the British and the vast majority of other Europeans who attach priority to the defense of Western Europe, they want to avoid a recurrence of hostilities which might involve them in Southeast Asia again. The French tend to blame Washington for failure to support their desire for a negotiated peace, particularly in view of the United States' willingness to end the Korean fighting in a stalemate.

In their present weakened condition at home and abroad, the French are reluctant to undertake further commitments on the continent. They are increasingly disposed to think that France must have time to rebuild its strength in Europe before West Germany is allowed to rearm. Mendes-France, unlike Laniel, has committed himself only to give the National Assembly the chance to decide on the EDC issue, and not to win approval of the present EDC treaty.

European Defense

Most members of the North Atlantic alliance are increasingly disposed to regard the present rearmament plateau as a maximum military effort within the long-haul concept of NATO strategy. British chancellor of the exchequer Butler's budget speech in April, in which he stated that relief from defense burdens "must" be found this year, is an accurate reflection of the attitude of almost all NATO members.

Although present commitments are being generally met, there is little sense of urgency. Popular enthusiasm for NATO ties has waned considerably in such countries as Denmark and Iceland. There have already been some readjustments which tend to slacken the general military effort, such as the Belgian reduction in stages of the period of military service from 24 to 18 months.

Guatemala

The sharpest reaction against the United States since the widespread disapproval of the hydrogen bomb tests in March has been aroused by Washington's handling of the Guatemalan situation. Seldom has any action been so universally condemned as the American request to search European ships on the high seas to prevent arms from reaching the Arbenz regime, which many Europeans regarded as non-Communist. The United States has, moreover, been adjudged maladroit generally on the Guatemalan issue and guilty of poor tactics in the United Nations. The American embassy in London reports that the American version of the whole affair is not accepted at its face value.

East-West Trade

Within the economic area of cold war tactics, the British have not diminished their efforts to secure a drastic reduction in the number and scope of Western export controls. The president of the British Board of Trade wrote FOA director Stassen on 25 June that parliament and public opinion in his country would understand no policy on trade with the Orbit except one governed by commercial and peacetime criteria. The Danes continue to block any COCOM agreement on controlling the sales of nonembargoed merchant shipping to the Soviet Orbit.

All the Scandinavian countries have concluded agreements calling for large increases in trade with the Soviet Union and its Satellites during 1954. Recognition of the fact that the Orbit has little to export has not deterred European businessmen--particularly the British--from seeking actively to expand trade with Communist countries.

Communist China

As a part of their general approach designed to reduce East-West tensions, the British have sought closer diplomatic and commercial relations with Peiping. Their decisions to receive a Communist Chinese chargé d'affaires and an official trade mission in London and to expand trade with China in nonstrategic goods were undertaken with the prior acknowledgment that there would be unfavorable American repercussions, as was also the acceptance by top Labor Party leaders of an invitation to visit Peiping this summer.

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These actions have, however, won approbation in most European countries, which tend to follow the British rather than the American lead on this question. The American embassy in Paris has the impression that France may soon recognize Peiping, and the British embassy in Oslo reports that the Chinese Communists have put out feelers about establishing diplomatic relations with Norway.

East-West tensions

Ever since the death of Stalin, Europeans have believed that there has been a genuine detente in East-West tensions. The hope that this detente may evolve into an indefinitely prolonged period of reduced tension has largely replaced the fear of Soviet aggression.

The desire to promote stability in the East-West conflict by trying to negotiate diplomatically and to increase commercial and cultural contacts with the Communist nations is contrasted by Europeans with what they regard as the American compulsion to oppose Communism actively, to threaten both allies and adversaries, and to pursue the cold war by all means short of outright military action.

One of the major diplomatic efforts to test the possibility of replacing the cold war with an armed peace lies in the advocacy of Locarno-type pacts, a "master thought" first advanced by Winston Churchill on 11 May 1953. This concept has since reportedly been received favorably by India's Prime Minister Nehru, and on 23 June Anthony Eden suggested that it might be appropriate for Southeast Asia as well as for Europe.

Reactions to American-British differences

The divisive effects of an Anglo-American split on the Western alliance--for which the United States as the acknowledged leader bears the brunt of criticism--have not gone unnoticed. The general press reaction to the Churchill-Eisenhower talks has been one of hope that the alliance is strong and fear that the fundamental differences may be unresolved. French general Ely told Ambassador Dillon on 29 June that he felt that the Western powers had lost tremendously in prestige in the last few months as compared to international Communism, and that the obvious lack of Western unity has had a terribly damaging effect on negotiations with the Viet Minh.

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Conclusion

There is unlikely to be any lessening of European efforts under British leadership to encourage patience and moderation in Washington as well as in Moscow and Peiping. There is, however, no force strong enough inside or outside Western governments to modify the present East-West line-up. Neutralism, in countries other than those which have traditionally pursued an alliance-free policy, remains only a dream. It enjoys wide popular support, but is usually linked to some immediate national objective rather than to active promotion of any "third force" bloc. In West Germany, for example, neutrality appears to be the price which some elements would pay in return for Soviet concessions leading toward reunification of Germany.

Far from reconsidering their adherence to the alliance, NATO members are apprehensive that the end of American economic aid will be followed by a political and military withdrawal from the continent in favor of a peripheral strategy with heavy reliance on nuclear weapons. At the same time, many Europeans regard American pronouncements about "massive retaliation" and "rolling back" Communism as dangerously inconsistent with American military cutbacks.

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